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12.09 hrs.

Title: Shri Basudeb Acharia called the attention of the Minister of Commerce and Industry towards retrechment of some employees of Mica division of MMTC and steps taken by the Government in this regard.

SHRI BASU DEB ACHARIA (BANKURA): Sir, I call the attention of the Minister of Commerce & Industry to the following matter of urgent public importance and request that he may make a statement thereon:

> "The situation arising out of decision of MMTC to retrench more than 350 employees of MICA division and steps taken by the Government in regard thereto. "

*THE MINISTER OF LAW AND JUSTICE AND MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY): Mr. Speaker, Sir, the Board for Industrial and Financial Reconstruction, BIFR sanctioned a rehabilitation-cum-amalgamation or merger scheme for M/s. Mica Trading Corporation Ltd, MITCO, a wholly owned subsidiary of MMTC on 8.4.1996. Later, by their Order dated 21st April 1997, MITCO was amalgamated with MMTC and became its division with retrospective effect from 1.4.1994.

The MMTC has implemented the rehabilitation package of MITCO decided by the BIFR with due seriousness. Action has been taken for closure of uneconomic offices, disposal of inventory, assistance from National Renewal Fund, NRF, repayment of working capital loan to State Bank of India, SBI, transfer of land to MMTC, adjustment of investments by way of shares in MITCO by MMTC and upgradation of technology on the lines recommended by the BIFR. In fact, BIFR had recommended continuing canalisation of Mica scrap till 1997-98, but it was actually continued till much later, that is, till March, 2002. Despite

* Placed in Library. See No. LT. 7423/2003

all these actions, the financial position of Mica Division, erstwhile MITCO, has worsened. The losses of the Mica Division have increased from approximately from Rs.43 lakh in 1999-2000 to over Rs.3 crore during 2001-02. The unaudited losses for the last year, that is 2002-03 are approximately Rs.4 crore.

The sales turnover of the Mica Division has dwindled from approximately Rs.13 crore in 1999-2000 to approximately Rs.3 crore in 2001-02 and to Rs.22 lakh in 2002-03. This was on account of:

a. Decanalisation of export of mica scrap with effect from 1st April 2002. It may be noted that out of Rs.13 crore sales turnover in 1999-2000, Rs.12.7 crore was accounted for by canalised export of mica scrap alone.
b. Mica division products are no longer cost-competitive and have become obsolete with the availability of cheaper substitutes. For example, Micanite (mica paper laminated with silicon bonded resin) has been replaced by cheaper ceramic substitute.

BIFR had also required the MMTC to reduce the erstwhile MITCO's manpower from 531 as on 1.1.96 to 220. The MMTC offered VRS several times, but the strength could not be brought down below 377 at present.

The MMTC first made efforts to lease out the plant and machinery in early 2002, but only one offer was received for Rs.15 lakh per annum which was rejected being very low. Then the plant was advertised for outright sale in May 2002. Three bids were received, the highest being Rs.1.5 crore against a valuation of Rs.10.55 crore made by HUDCO. This was rejected and another tender issued in September 2002. Two bids were received, the higher one for Rs.2.75 crore. Yet another tender was issued in December 2002 and two bids were received. The higher bid was Rs.3 crore.

The MMTC Board considered the matter on 28th January 2003. Taking all the above facts into account, it came to the conclusion that the division was not commercially viable despite all the money spent in rehabilitation. It decided to recommend its closure to the appropriate Government under the Industrial Disputes Act, 1947. An application was filed on the 9th April 2003 to Secretary, Labour seeking permission for closure of the Mica Division of the MMTC. The application indicated the number of workmen whose services were to be terminated as 327, since officers numbering 50 are not covered by the Act. It may be pointed out that para 6 of Annexure I of the BIFR Order dated 8.4.96 for rehabilitation scheme does not preclude retrenchment of employees of the erstwhile MITCO. This fact had been disclosed to the Parliament even earlier in response to the Short Notice Question No.2 raised by the same hon. Member, answered on the 17th May, 2002.

MR. SPEAKER: Shri Basu Deb Acharia, may I request you to be very brief?

SHRI BASU DEB ACHARIA : Yes, Sir. I will be very brief. This is the question of bread, butter and survival of 327 workers.

SHRI PRIYA RANJAN DASMUNSI (RAIGANJ): Sir, when Shri Rajiv Gandhi was the Prime Minister, he gave special funds to develop this unit. It was running in profits with huge exports to Japan. Now, it has come to this stage.

SHRI BASU DEB ACHARIA : This is another example of this Government's anti-working class decision.

Prior to 1994, MITCO was one of the subsidiaries of MMTC. MITCO fell sick in 1993 and it was referred to BIFR. BIFR ordered for merger or amalgamation with MMTC. MITCO was merged with MMTC in 1997 and became one of its Divisions.

Sir, MMTC has several divisions. MICA is one of the divisions of MMTC. It is not a separate company. It is also a fact that BIFR ordered for reduction in staff strength. It had never ordered for outright retrenchment of the entire staff of Mica Division. BIFR also ordered for its revival.

The Minister in his statement has stated that as decided by the BIFR, MMTC has implemented the rehabilitation package of the erstwhile MITCO, now one of the divisions of MMTC, with due seriousness. MITCO was merged with MMTC in 1997 and it then became one of its divisions. But, when was the revival or modernisation of Mica Division started? It was started only in the year 2000 when the Petitions Committee of Lok Sabha recommended along with parity in wages, revision of the pay scale of the employees of Mica Division. It was also recommended that the Mica Division should be modernised, should be made viable. When that recommendation was made, MMTC started modernising the Mica Division.

New machines were installed only in 2000. MMTC waited for three year. The recommendations of BIFR for the revival of Mica Division were not implemented. The Minister has stated that the BIFR asked to retrench the majority of the workers and to reduce it to 220. Sir, a large number of workers have taken VRS. When MITCO was merged with MMTC, the number of workers were more than 500 and within two years it was reduced to 357. Out of 357 workers, more than 60 workers are being utilised by MMTC in its different divisions. If MMTC is serious enough to revive and make it profitable...(*Interruptions*) I am coming to the question. It is a very serious matter.

MR. SPEAKER: As per rule, only questions are permitted. You cannot make a speech.

SHRI BASU DEB ACHARIA: More than 60 workers could have been redeployed in other divisions of MMTC. But, in spite of doing so, MMTC has now decided to close a Central public sector unit in the backward region of Jharkhand and has decided to retrench 327 workers. I visited this factory and you will be surprised to know that today these workers are the lowest paid workers in our country. They are getting only Rs.300 per month. You will be surprised to know that their wages have not been revised since 1987.

The argument of the Ministry of Commerce and the MMTC is that BIFR order was that the pay of the employees of erstwhile MITCO should be protected. It should not be less than what they used to get at the time of merger. They would be receiving their salary at the rate which they used to get in 1987. For years together, their wages have not been revised. Now, MMTC has taken a decision to close down the Mica Division and retrench the entire work force.

Sir, there are some divisions of MMTC which are also incurring losses. One office at Indore has been closed down but not a single employee of Indore office has been retrenched. They all have been re-deployed. If the Government feels that there is no need to continue the Mica Division, the Government could have re-deployed 327 workers in other Divisions of MMTC. Instead of re-deploying or adjusting them in other Divisions of MMTC, the Government has decided to retrench them. It has already applied to the Ministry of Labour for permission under Industrial Disputes Act, 1947.

MR. SPEAKER: Mr. Acharia, please sit down now.

SHRI BASU DEB ACHARIA : Sir, I would like to know from the Minister whether there are some Divisions of MMTC which are incurring losses. Is the Mica Division is one of the Divisions of MMTC? The MITCO has no separate Annual Report. It is included in the Annual Report of MMTC. It is within the same organisation. It is part and parcel of MMTC. I would like to know from the Minister whether he would consider re-deploying the entire 327 employees of Mica Division in other Divisions of MMTC. The Government wants to retrench them. It wants to throw them on the streets. Their wages have not been revised since 1987.

SHRI ARUN JAITLEY: Sir, the decision to close down any division or any unit of the public sector indeed is very painful both for the Government and for the employees involved. Such a decision is taken only after all efforts to revive that unit have eventually failed.

Sir, the business of the Mica Division predominantly depended on the export of Mica scrap. That export of Mica scrap got decanalized and products substituted by some cheaper substitute and that business did not survive. The BIFR directed the Government to make sure that export is canalised through MITCO till 1997-98. But the Government not only did it till 1997-98, it continued this till 2002 when eventually it was found that the business was no longer viable. Its turnover, because of the non-viability of the product that it dealt with, started coming down. The turnover of Rs.13 crore became Rs. 3 crore and eventually Rs.22 lakh. On a turnover of Rs.22 lakh, the loss itself is approximately Rs.4 crore.

Therefore, business was no longer found to be viable.

Now, as far as MITCO staff is concerned, the MMTC has filed an application before the Ministry of Labour with regard to retrenchment under section 25(o). Under the Scheme of MMTC, the retrenchment compensation payable to them will not only be that strictly payable as far as the Industrial Disputes Act is concerned but will have the option of the Government VRS.

As far as the question of re-deploying them in the other units of the MMTC is concerned, the business of a large number of these organisations which depended on canalisation business has also been affected. The hon. Member is right that some of the divisions may have suffered losses. MMTC has come out with VRS schemes in the past and today the MMTC itself overall has a surplus staff. Therefore, the question of re-deploying staff from an unviable division into the main MMTC's other divisions perhaps would not arise...(*Interruptions*)

SHRI BASU DEB ACHARIA : Sir, he has not replied to the questions...(*Interruptions*)

MR. SPEAKER: The subject is over and now I am going to take up the `Zero Hour'.

...(*Interruptions*)

MR. SPEAKER: I am going to permit all the Members who have given notice.

â€¦ (व्यवधान)

अध्यक्ष महोदयः मेरे पास एडजर्नमैंट मोशन के नोटिस हैं और उसमें पहला नाम श्री रामजीलाल सुमन और दूसरा नाम श्री प्रियरंजन दासमुंशी का है। मैं दोनों को बोलने की इजाजत दूंगा। मैं पहले श्री रामजीलाल सुमन को और फिर श्री प्रियरंजन दासमुंशी को बोलने का समय दूंगा।

â€¦ (व्यवधान)

अध्यक्ष महोदयः पहले श्रीमती सुामा स्वराज बिजनेस एडवाइजरी कमेटी की रिपोर्ट का मोशन पेश करेंगी।

12.26 hrs.

MOTION RE: FORTY-NINTH REPORT OF BUSINESS ADVISORY COMMITTEE

स्वास्थ्य और परिवार कल्याण मंत्री तथा संसदीय कार्य मंत्री (श्रीमती सुामा स्वराज) : अध्यक्ष महोदय, मैं

निम्नलिखित प्रस्ताव करती हूं :

" कि यह सभा 23 अप्रैल, 2003 की सभा में प्रस्तुत कार्य मंत्रणा समिति के उनचासवें

प्रतिवेदन से सहमत है। "

MR. SPEAKER: The question is:

"That this House do agree with the Forty-ninth Report of the Business Advisory Committee presented to the House on the 23rd April, 2003."

The motion was adopted.

12.29 hrs.

डॉ. रघुवंश प्रसाद सिंह (वैशाली) : अध्यक्ष महोदय, हम लोगों का भी नोटिस है। हम शुरु से इस विाय में अड़े हैं। हम नियम मान लेते हैं जिससे नुकसान हो रहा है। â€¦ (व्यवधान)

अध्यक्ष महोदयः मेरे पास डिसइनवैस्टमैंट ऑफ एचपीसीएल और बीपीसीएल के बहुत से नोटिस आए हैं। मैं सभी का नाम पढ़ना चाहूंगा। श्री रामजी लाल सुमन, श्री बासुदेव आचार्य, श्री सी. पी.राधाकृणन, श्री सुनील खां, श्री सोमनाथ चटर्जी, श्री प्रबोध पण्डा, श्री अजय चक्रवर्ती, श्री रघुवंश प्रसाद सिंह, श्री रूपचन्द पाल, प्रो. ए.के. प्रेमाजम, श्री सुरेश कुरूप, डा. रामचन्द्र डोम, श्री राम विलास पासवान, श्री प्रियरंजन दासमुंशी के नोटिस हैं।

श्री सुरेश रामराव जाधव (परभनी) : अध्यक्ष महोदय, मेरा भी नोटिस है।

अध्यक्ष महोदयः इस विाय पर नहीं है।

श्री सुरेश रामराव जाधव : इस विाय पर ही है।

अध्यक्ष महोदयः यह एडजर्नमैंट मोशन नहीं है। यह जीरो आवर में बोलने के लिए नोटिस है। प्लीज, बैठिए।

â€¦ (व्यवधान)

अध्यक्ष महोदयः आप ठीक तरह से नहीं सुनते हैं। आपकी कौन सी पार्टी है?

â€¦ (व्यवधान)

अध्यक्ष महोदयः मेरे पास जो इतने नोटिस आए हैं, उनमें से श्री रामजी लाल सुमन का पहले नोटिस है और बाद में श्री प्रियरंजन दासमुंशी का है जो सस्पैंशन ऑफ क्वैश्चन आवर का था। इसलिए मैं पहले श्री रामजीलाल सुमन को बोलने का इजाजत दूंगा और बाद में श्री प्रियरंजन दासमुंशी को बोलने का समय दूंगा। बाद में जिन के भी इस संबंध में नोटिस हैं, सभी को यहां बोलने की इजाजत दूंगा। दूसरे वियों पर भी एडजर्नमैंट नोटिस हैं। आपका भी नोटिस है। ये होने के बाद आपका नोटिस आएगा।

SHRI AJOY CHAKRABORTY (BASIRHAT): Sir, I also had given a notice for suspension of Question Hour...(*Interruptions*)

अध्यक्ष महोदयः आप चाहें तो इस कुर्सी पर चेयरमैन के नाते बैठ सकते हैं।

â€¦ (व्यवधान)